

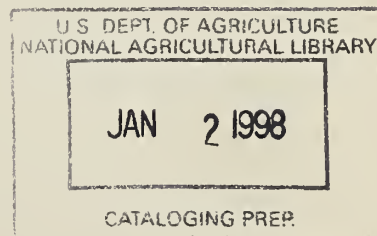
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UNITED STATES DEPARTMENT OF AGRICULTURE

ACTIVITIES OF THE U. S. DEPARTMENT OF AGRICULTURE



Washington, 25, D. C.

Office of Budget and Finance
February 1959

**United States
Department of
Agriculture**



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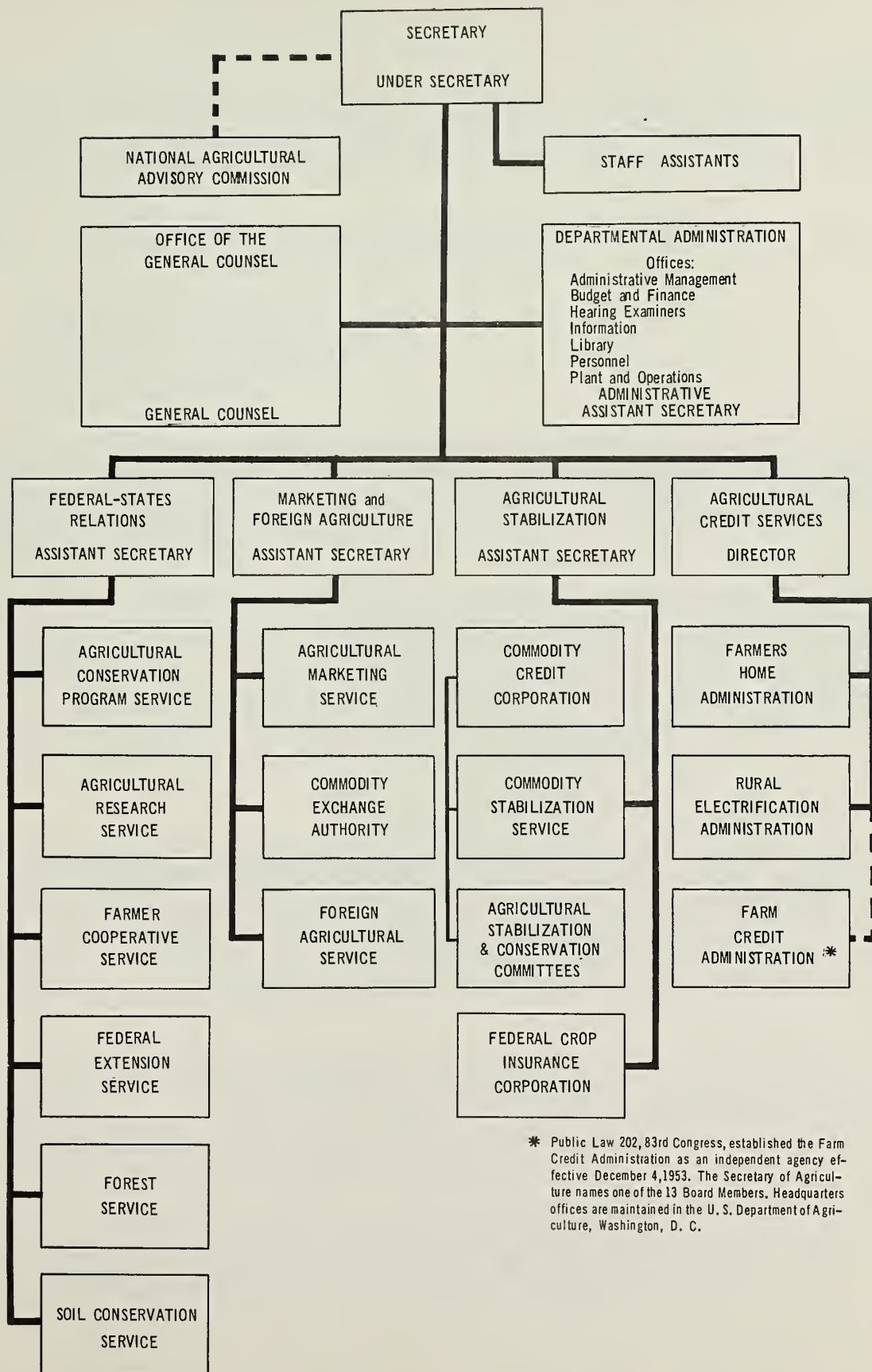
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UNITED STATES DEPARTMENT OF AGRICULTURE



* Public Law 202, 83rd Congress, established the Farm Credit Administration as an independent agency effective December 4, 1953. The Secretary of Agriculture names one of the 13 Board Members. Headquarters offices are maintained in the U. S. Department of Agriculture, Washington, D. C.



ACTIVITIES OF THE DEPARTMENT OF AGRICULTURE

The Department of Agriculture was established by President Lincoln in 1862 to meet the needs of American farmers for technical, economic, and educational assistance. In carrying out this responsibility the Department works closely with State agencies and educational institutions having responsibility in the field of agriculture.

Since the reorganization of the Department of Agriculture, which took place in 1953, there are four major areas of operation:

- Federal-State Relations
- Marketing and Foreign Agriculture
- Agricultural Stabilization
- Agricultural Credit

These areas are the responsibility of three assistant secretaries and the Director of Agricultural Credit Services. In addition, an administrative assistant secretary directs general administration, budgeting, and information functions. The entire Department is headed by the Secretary of Agriculture and the Under Secretary.

Within these substantive and administrative areas of operation, individual agencies, headed by directors and administrators, deal with the work of the Department and its relations with other Executive departments and the Congress. Some of these agencies are large, employing more than 16,000 people; some are small, employing less than 100. They are constantly in contact with the American farm community, administering the many services and programs that help agriculture produce food and fiber for the Nation.

Federal-State Relations

The Agricultural Conservation Program Service is responsible for a national program in which the Federal Government in the public interest shares with farmers and ranchers some of the costs of conserving the natural resources represented by farm and ranch land. This program is administered locally by committees of farmers with assistance from many agricultural interests and agencies. The ACPS is also responsible nationally for the conservation practices part of the Soil Bank.

The Agricultural Research Service conducts scientific research to discover better farming methods, improve the farm home, develop superior types of plants and animals, extend the uses of farm products, and gather new knowledge to make our agriculture more efficient. Much of this research is done in cooperation with State agricultural experiment stations.

ARS also carries out a variety of regulatory functions, including Federal meat inspection; port and border inspection and quarantine services to keep out destructive pests of animals and plants; and cooperative programs for control and eradication of insects and diseases of crops and livestock.

The Farmer Cooperative Service performs research, advisory and educational work to help the 10,000 farmer marketing, farm supply and related service cooperatives increase their effectiveness in serving their more than 3,000,000 farmer members. Information prepared by the Service is made available through publications, workshops, clinics and other meetings where cooperative principles and problems are being considered. The Service works closely with land-grant colleges, State extension services, State departments of agriculture, and with organizations and other governmental agencies having programs of research and education related to farmer cooperatives.

The Federal Extension Service is in charge of the Federal Government's part in the cooperative Federal-State agricultural extension service. County extension agents, located in every agricultural county in the Nation and in some urban areas, are the local representatives of this service. They work with farm men and women and with boys and girls in demonstrating and encouraging the application of improved methods of farming and homemaking.

In the States, the program is administered by State extension directors, who consult with the county governments on appointing and supervising the county extension agents. Local people help the agents plan and conduct the work in the counties.

The Forest Service has specialists in forestry stationed throughout most of the Nation, and a staff of administrators, technicians, and researchers in Washington. The Forest Service helps protect the more than 181 million acres of land in national forests from insects, disease, and fire, and assures the wise use of this land. The Forest Service joins with forestry agencies in State governments to protect and develop woodlands owned by States, local communities, and private citizens.

The Soil Conservation Service has experts in all areas of the Nation who help farmers and ranchers in soil conservation districts in the work they are doing to conserve land and water. These experts aid in the program of the Agricultural Conservation Program Service, are available to assist farmers who have soil and water conservation loans from the Farmers Home Administration, and work closely with the technicians of the Forest Service. The Service also has primary responsibility for the Department's cooperation with local watershed protection and flood prevention organizations, for certain technical phases of the Soil Bank Program, and for leadership of the Great Plains Conservation Program.

Marketing and Foreign Agriculture

The Agricultural Marketing Service carries on a broad-scale program of marketing research, crop and livestock estimates, economic and statistical analysis. It also provides a broad program of marketing services, including the National School Lunch Program, the Special Milk Program, plentiful foods programs, distribution of surplus foods to State agencies, inspection and grading of farm products, regulatory programs, and the nationwide market news service. Much of this work is done in cooperation with State departments of agriculture or markets, with land-grant colleges, State departments of education, or other units of State governments. The AMS also coordinates statistical work throughout the Department.

Commodity Exchange Authority operations are important to the efficient buying and selling of some farm products like wheat, corn, cotton, and soybeans. CEA supervises trading in futures at commodity exchanges in the major cities to assure fairness in this kind of trading.

The Foreign Agricultural Service conducts activities to promote sales of all American farm products in foreign countries. It provides information on foreign agricultural situations. It studies the problems of American exporters, advises them, and keeps aware of changing needs. FAS has agricultural attaches in all the important countries of the world.

Agricultural Stabilization

The Commodity Stabilization Service assists the Commodity Credit Corporation in carrying out the Soil Bank and price support programs, and directs the acreage allotment and marketing quota programs for reducing surplus production. Soil Bank payments are made to farmers who make greater than normal adjustments toward a better balanced farm output. CSS stores farm products acquired by CCC in its price support operations and disposes of them in various ways. Agricultural Stabilization and Conservation (ASC) State and County Committees carry out the CSS programs wherever they require direct dealings with farmers.

The Federal Crop Insurance Corporation insures farmers' investments in crops against loss from natural hazards such as drought, disease and insects, and the unavoidable production risks beyond the farmer's control. Like other insurance, farmers pay premiums for this all-risk protection and are indemnified by the Corporation for the difference between the protection provided by their policies and their actual production when a crop disaster strikes.

Agricultural Credit

The Farmers Home Administration lends money to farmers to buy, improve, and operate their farms, and, in emergencies like droughts, to help them continue farming. It is permitted to make loans only if private banks or other lenders cannot meet the needs of farm families. FHA also lends money to farmers to help them conserve and make good use of their soil and water, to refinance existing debts and to build and repair farm houses and other farm buildings. The credit is primarily for family-type farms but as a part of the Rural Development Program the agency makes loans for operating and developing farms where the farmer has part-time employment off the farm.

The Rural Electrification Administration makes loans to local companies and cooperatives and, in the case of loans for electrification, to public authorities. These loans are used to finance the construction of electric power or telephone systems to serve rural areas, and to finance wiring installations and electric and plumbing appliances and equipment.

AGRICULTURAL CONSERVATION PROGRAM SERVICE

The Agricultural Conservation Program, which is administered by this Service, shares costs with farmers and ranchers to encourage and assist them to carry out on their farms and ranches authorized new and additional soil-building and soil- and water-conserving practices.

The program is designed to (1) restore and improve soil fertility, (2) minimize erosion caused by wind and water, and (3) conserve water on the land.

Cost-sharing is offered only for on-farm conservation measures considered necessary to meet the most urgently needed conservation problems which would not otherwise be carried out to the extent needed in the public interest. To be eligible, except in restricted emergency cases, the farmer must request cost-sharing before beginning the practice. In lieu of cash reimbursement, cost-sharing assistance may be in the form of partial payment by the Government of the purchase price of materials and services needed by the farmer for carrying out approved practices. Materials and services are obtained through private sources where practicable.

The program is conducted in all agricultural counties of the 49 States, and in Hawaii, Puerto Rico, and the Virgin Islands. It is carried out in the field through the Agricultural Stabilization and Conservation Committees. Allocations of funds for cost-sharing are made to the States on the basis of conservation needs.

The Agricultural Conservation Program Service also is responsible for the following:

1. With the assistance of other designated agencies, the formulation, review and appraisal of the conservation phases of the Conservation Reserve Program of the Soil Bank.
2. Upon authorization by the Secretary, approval of practices and sharing of costs with farmers and ranchers for emergency conservation efforts to restore producing farm lands damaged by natural disasters such as floods, hurricanes, drought, and wind, of such magnitude as to require authorized federal assistance.
3. In connection with the Department's national inventory of soil and water conservation needs, assists in, (a) the development and review of policies, data, and procedures, (b) the execution of the inventory, and (c) the review of progress made.
4. In cooperation with the Forest Service, the development of the Naval Stores Conservation Program and procedural matters concerning it.
5. Upon specific assignment by the Secretary, participation along with other designated agencies of the Department in the Great Plains Conservation Program of long-term contracts with farmers and ranchers for the conservation treatment of farm and range lands to bring about desirable land use adjustments.

These special activities are also carried out in the field through or in cooperation with the Agricultural Stabilization and Conservation Committees.

AGRICULTURAL RESEARCH SERVICE

The Agricultural Research Service conducts basic, applied and developmental research relating to the production and utilization of agricultural products, and to home economics. It also conducts those control and regulatory programs of the Department which involve enforcement of plant and animal quarantines, the control and eradication of diseases and insect pests of animals and plants, meat inspection, and related work. The purpose of these programs is to insure a continued abundance of agricultural commodities and products to meet the increasing needs of an expanding economy and to provide for a continued improvement in our standard of living.

Research

Research is conducted at the 12,000-acre Agricultural Research Center, Beltsville, Maryland, where many projects of the Agricultural Research Service and other agencies are under way, and at numerous locations in the States, Territories and possessions, and in foreign countries. A large part of the research is in cooperation with State agricultural experiment stations and other public and private agencies. Research is also conducted under contract with various public and private agencies and institutions.

The research work is grouped under the following major categories, (a) farm research, (b) utilization research and development, (c) home economics research, and (d) administration of payments of Federal-grant funds to State experiment stations and territorial research.

Farm Research - This research is concerned with livestock, crops, entomology, soil and water conservation, farm economics and agricultural engineering.

Livestock investigations are conducted on all farm livestock, poultry, and domestic fur animals to develop superior strains and types, establish nutritive requirements, determine means of maintaining maximum fertility, achieve efficient use of feed and forage in the production of meat, milk, eggs, wool, fur, and other products; and develop improved and efficient livestock management methods and practices. Practical methods of control of diseases and of parasites affecting livestock are developed. Research on foot-and-mouth disease is conducted at Plum Island, New York; and an animal disease research laboratory is being constructed at Ames, Iowa, which will permit simultaneous research on approximately 25 contagious diseases, as well as certain activities related to livestock regulatory programs.

Crop investigations are conducted to develop improved varieties of food, feed fiber and other plants; and to improve production practices including methods to control plant diseases. Entomology research is conducted to improve methods for the control of harmful insects and the use of beneficial insects affecting farm production, and to develop and test new chemical formulations for the control of crop pests.

Soil and water investigations are conducted to improve fertilizers, soil management, and irrigation practices; to develop and improve conservation practices and techniques; and to determine the relation of soils to plant,

animal and human nutrition. Farm economics research is conducted on profitable adjustments in farming by type and size of farm; efficiency in use of labor, equipment, land, and water; inventory and analysis of land resources; and problems of farm valuation, taxation, debt, tenure, risk and insurance. Agricultural engineering research is conducted to apply engineering principles to improving efficiency and reducing costs of agricultural production.

Utilization Research and Development - Chemical, physical and biological studies are conducted to develop new and improved foods, feeds, drugs, fabrics, industrial chemicals, and other products from agricultural commodities; to devise better processing methods; and to increase the use of by-products. Such research is aimed at increasing the total market demand for farm products, especially for their increased use for industrial purposes.

Home Economics Research - Investigations are conducted on human nutritional requirements, the composition and nutritive value of foods, and problems relating to the household preparation and preservation of foods; on problems in the household utilization of textiles, clothing, and equipment, and of family requirements for housing and related facilities; and on food consumption practices and the nutritive value and economy of customary diets, patterns of rural family expenditures, production for household use, and economic problems of household management.

Administration of Payments to States, and Territorial Research - Research under Federal-grant funds at each State agricultural experiment station is coordinated with the research conducted by other States and by agencies of the United States Department of Agriculture. Agricultural experiment stations are also operated in Puerto Rico and the Virgin Islands.

Plant and Animal Disease and Pest Control

This work is organized under two major categories (1) plant disease and pest control and (2) animal disease and pest control.

Plant Disease and Pest Control - This work is divided into three categories: (a) Control and quarantine operations designed to protect agriculture from destructive insects and plant diseases, including inspection to detect and appraise infestations, application of pesticides and other control methods, supervision of treatments required by plant quarantines, and certification of regulated articles for shipment under quarantines; (b) protective measures, primarily inspections at ports of entry, which are carried out to prevent the introduction from abroad of pests and plant diseases, and certification of the absence of plant pests on plants and plant products for export; and (c) administration and enforcement of the Federal Insecticide, Fungicide, and Rodenticide Act to prevent the sale of mislabeled and inadequately labeled economic poisons, and to safeguard farmers and other users from injury to crops, livestock, or themselves, and from loss resulting from deceptive, careless or fraudulent marketing practices.

Operations to eradicate, suppress, or control outbreaks of injurious insect pests and plant diseases, including those of foreign origin which may have gained a foothold in the United States, are carried on in cooperation with Federal, State, local agencies, individuals, and in some cases foreign govern-

ments. Control or eradication programs are under way on barberry, burrowing nematode, citrus blackfly and Mexican fruitfly, European chafer, fire ant, golden nematode, grasshopper and Mormon cricket, gypsy moth, Hall scale, Japanese beetle, khapra beetle, Mediterranean fruit fly, phony peach and peach mosaic, pink bollworm, soybean cyst nematode, sweetpotato weevil, white-fringed beetle, and witchweed. A contingency fund is available for combating emergency outbreaks of insects and plant diseases.

Animal Disease and Pest Control - This activity includes determination of the existence and extent of infectious, contagious and communicable diseases of livestock and poultry, and the planning and organizing of national programs, usually in cooperation with State, Federal and other officials and agencies, for control and eradication. This involves inspection, particularly of public stockyards, quarantine, testing, diagnosis, vaccination, condemnation and disposal, disinfection and other measures. Where Federal and State laws so provide, the Service may partially compensate owners of condemned and diseased animals. Current activities include control or eradication programs on tuberculosis, brucellosis, and fever ticks in cattle, scrapie of sheep, vesicular exanthema of swine, scabies of livestock, and screwworm - a serious pest of warm-blooded animals.

This program also includes administration of acts and regulations regarding interstate transportation of livestock and poultry, such as Federal domestic animal quarantines, and the 28-hour law which is designed to obtain humane treatment and prevent losses of transported livestock. The Virus-Serum-Toxin Act, the Hog Cholera Serum and Virus Marketing Agreement Act and other authorities and related regulations covering the inspection and handling of animals for exportation are also administered. In order to prevent the introduction into the United States of rinderpest and foot-and-mouth disease, the Service also administers regulations covering the importation of animal by-products such as hides, wool, bone meal, etc., and administers other laws and regulations to prevent the introduction and dissemination of livestock and poultry diseases of foreign origin.

Meat Inspection

Federal meat inspection is required for all meat in interstate commerce, and is conducted to assure a clean, wholesome, and unadulterated meat supply for human consumption. The work includes inspection of animals, carcasses and meat, and meat-food products at various stages of handling and processing. Measures are enforced to insure informative labeling and meats imported or exported are inspected.

Research at State Experiment Stations

The Agricultural Research Service of the Department administers the Federal-grant funds which are made available to the agricultural experiment stations of the land-grant colleges in the States, Hawaii, and Puerto Rico for agricultural research, including investigations and experiments to promote a permanent and efficient agricultural industry and improvements in the rural home and rural life. Grants are made primarily on the basis of prescribed amounts in the authorizing act and partly on the basis of need in specific areas to find solutions to agricultural problems. The States are contributing about \$3 to

\$1 paid by the Federal Government.

The State agricultural experiment stations conduct research and experiments on the many problems constantly encountered in the development of a permanent and sustaining agriculture and in the improvement of the economic and social welfare of the farm family. Because of differences in the climate, soil, market outlets, and other local conditions, each State has distinct problems of production and marketing of crops and livestock. The farmers in the individual States naturally look to their State agricultural experiment stations for solution of State and local problems, and in recent years have requested increased service to help meet changing conditions.

The research programs of the State stations, to be most effective, include participation in regional and national programs. Joint attack by a group of State stations is the most effective and often the only practical approach to problems of common interest. The stations, to an ever-increasing extent, are acting as regional groups to provide cooperative coordinated attacks on problems of regional and national interest. In a similar manner, the research programs of the State agricultural experiment stations and the Department of Agriculture are supplementary and interdependent.

FARMER COOPERATIVE SERVICE

The Farmer Cooperative Service performs research, educational, and advisory work to assist the 3 million farmers who are members of the approximately 10,000 marketing and purchasing cooperatives and related business service associations. Research studies and service activities deal with problems of organization, financing, policies, management, merchandising, costs, efficiency, and membership. The Service publishes the results of such studies and works with cooperatives, the Extension Service, land-grant colleges, State Departments of Agriculture, and other agencies to bring about a better understanding of cooperative principles and practices as applied to the needs of agriculture.

This agency assists farmers to improve the organizational and operating efficiency of their own self-help associations. Research studies are conducted to provide basic information of value in assisting these cooperatives to increase returns to farmers through more efficient marketing of farmers' products and reduction of costs of essential farm supplies and business services. Service and educational activities are carried on to make these research findings readily available to farmer cooperatives and agencies working with cooperatives.

COOPERATIVE EXTENSION SERVICE

The Cooperative Extension Service is the educational arm of the Department of Agriculture. It is a partnership between each State land-grant college and university and the Department in cooperation with local governments and local people. This informal educational program in agriculture and home economics strives to develop in rural America a citizenry that is informed, efficient, and self-reliant in their farm, home, and community.

Extension brings to people the results of research and economic analyses, as well as information on government programs directly affecting their welfare. It is Extension's responsibility to encourage and help people to apply this information in terms of real-life farm and home situations.

Federal, State, and local governments jointly finance, operate, and share leadership responsibilities for extension's educational activities. More than 14,000 persons are employed, of whom about 11,000 are working directly with the people in every rural county in America. These local representatives are county agricultural agents, who work with farmers; home demonstration agents, who work with rural women; and 4-H Club agents, who work with boys and girls from 10 to 21 years of age.

Using every available teaching method and communication channel, these county workers explain the reasons for and demonstrate effective ways of adopting new and improved farming and homemaking practices. They provide stimulation and advice in helping individuals to join in groups to better understand community, county, and broader situations, and to meet more successfully the larger problems that cannot be met on an individual basis. The values of county extension workers' efforts are further extended by volunteer leaders trained by the agents, by civic organizations, business, churches, and other groups concerned with rural welfare.

In performing these functions, Extension joins with people in helping them to identify their needs, problems, and opportunities; study their resources; become familiar with specific methods of overcoming problems; analyze alternative solutions to problems; and arrive at the most promising course of action in light of their own desires, resources, and abilities. At all times, the widespread participation of the people is stressed in both planning and conducting these informal educational efforts.

Among the major objectives of this work are:

1. Maximum efficiency in agricultural production.
2. Maximum efficiency in marketing, distribution, and utilization of agricultural products.
3. Conservation, development, and wise use of natural resources.
4. Efficient management on the farm and in the home.
5. Improving family living.
6. Youth development by providing learning opportunities and practical experience in real-life situations.
7. Development of leadership ability among all people served.
8. Development and utilization of community and area resources.
9. Development of a better-informed citizenry on public affairs bearing directly upon their welfare.

As a partner in this cooperative effort, the Federal Extension Service is responsible for administration, coordination, and program leadership of extension activities in the 49 States, Hawaii, and Puerto Rico. The Service administers Federal laws applying to extension work, works with committees of State directors in developing overall policies, maintains liaison with all Federal agencies which administer programs of interest to rural people, explores new educational methods, evaluates results of work performed, and coordinates all educational work of the Department of Agriculture.

FOREST SERVICE

The Forest Service is responsible for promoting the conservation and wise use of the country's forest and related watershed lands which comprise one-third of the total land area of the United States.

To meet its responsibility the Forest Service engages in three main lines of work, as follows:

1. Management, protection, and development of the national forests. The guiding principle is "the greatest good of the greatest number in the long run". This requires obtaining the maximum practicable yield and use of the many resources of the national forests on a continuing basis, to meet both local and national needs--under normal conditions and during times of stress. The 181,000,000 acres of national forests are located in 41 States and Puerto Rico. About one-third of the remaining saw timber in the country is in the national forests.

In managing the national forests, technical forestry is applied to the growing and harvesting of timber crops. Harvest through timber sales in 1958 was 6.4 billion board feet. Grazing of approximately six million head of livestock is scientifically managed to obtain range conservation along with the use of the annual growth of forage. Watersheds are managed to regulate stream flow, prevent floods, and provide water for power, irrigation, navigation, and municipalities. Management includes the handling of over 69,000,000 visits of people to the national forests for recreation purposes. Scientific management is applied to the extensive wildlife resources. Receipts from timber sales, grazing permits, land rentals, and water power permits exceeded \$93,800,000 in 1958.

The protection of the national forests includes the control of forest fires, which numbered 7,873 for calendar year 1958; the control of tree diseases and insect epidemics; and the prevention of trespass.

The major development activities of the national forests are reforestation, revegetation, construction of roads, recreational facilities, housing, and other necessary improvements and land acquisition and exchanges.

2. Cooperation with State and private forest landowners is provided by the Forest Service to obtain better fire protection on the 435,000,000 acres of State and privately-owned forest lands and to stimulate development and proper management of forest lands.

Under the Soil Bank Conservation Reserve Program the Forest Service is responsible for the technical phases of planting trees on land regularly used for crop production, and for expansion of tree seedling production, primarily through the facilities of State forestry departments.

3. Forest Research. The Forest Service conducts research in the entire field of forestry and the management of forest and related ranges. This includes the growth and harvesting of timber, its protection from fire, insects, and diseases, and the protection and management of watersheds. It conducts

studies in forest economics, marketing of forest products, and a survey of the present extent and potential growth and use of the Nation's forest resources. It also conducts research to develop new and improved products from wood and to increase efficiency of utilizing forest products. Results of research are made available to owners of private forest and range lands, to public agencies which administer such lands, to forest products industries, and to consumers.

Related work includes:

4. Insect and disease control. Under the Forest Pest Control Act (16 U.S.C. 594-1-594-5) and the Lea Act (16 U.S.C. 594a), destructive insect pests and diseases that threaten timber areas are suppressed. Activities include two types of work carried on jointly by Federal, State, and private agencies:

a. Surveys on forest lands to detect and appraise infestations of forest insects and infections of tree diseases and determine protective measures to be taken.

b. Control operations to suppress or eradicate forest insect pests and diseases, including the white pine blister rust.

5. Flood Prevention and Watershed Protection. On national forest lands and on non-Federal forest lands within the watersheds authorized for treatment by the Department of Agriculture under the Flood Control Act of December 22, 1944, the Forest Service plans and installs watershed improvement measures, in the form of minor physical structures, cultural measures, and intensified fire control, to retard runoff and reduce flood water and sediment damage. Work on non-Federal land is carried on in cooperation with the Soil Conservation Service and the appropriate State and local agencies.

The Forest Service also cooperates with the Soil Conservation Service, appropriate State agencies and the local organizations sponsoring small watershed protection and flood prevention projects initiated under the Watershed Protection and Flood Prevention Act of 1954, as amended, in planning and installing forestry and related measures on the watersheds and in inter-agency studies of proposed water and land resource developments on river basins for the purpose of obtaining integrated resource development programs.

6. Land Utilization Projects. Under the authority of Title III of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011-1012), the Forest Service manages land utilization projects covering areas of submarginal land. The project lands and facilities are made available to States, local organizations, and farmers and ranchers at equitable rates under specific use conditions.

7. Work performed for others. The Forest Service is frequently called upon to perform services for other Federal, State, and private agencies on a reimbursable or advance payment basis. Examples of these activities are:

a. Protection of other Federal and non-Federal forest lands intermingled with the national forests.

- b. Disposal of slash resulting from sales of timber and the rehabilitation of such areas.
- c. Construction and maintenance of roads, and other improvements.
- d. Research investigations in forest, range, and water management and utilization problems.
- e. Cooperative survey, mapping, administrative, and reforestation projects, etc.
- f. Cooperation with defense and mobilization agencies on forest production and utilization projects, and related work.

8. Soil Bank Conservation Reserve. An additional activity involves the planting of trees on land regularly used for crop production, under provisions of the Conservation Reserve section of the Soil Bank Act. The Forest Service is responsible for the technical phases of planting these trees and for the expansion of tree seedling production, primarily through the facilities of State forestry departments.

SOIL CONSERVATION SERVICE

The Soil Conservation Service is responsible for various soil and water conservation activities to aid farmers and ranchers in making physical adjustments in land use to conserve soil, water and plant resources, establish a permanent and balanced agriculture, and reduce the hazards of floods and sedimentation. These activities are carried out in cooperation with Federal and State agencies and local organizations. The Service also has responsibility for administering the Great Plains Conservation Program and provides technical services in connection with the agricultural conservation program, the conservation reserve program, and soil and water conservation loans made by the Farmers Home Administration.

Soil conservation districts program -- The Soil Conservation Service provides technical assistance to farmers, ranchers, and others, through locally organized soil conservation districts in the United States and its territories and possessions in developing conservation plans and applying soil and water conservation practices on their farms and ranches. These districts, the first of which was organized in 1937, are local units of Government, organized under State laws and responsible to the land-owners and operators in the districts and to the State legislatures. The Service furnishes assistance only upon request from the district governing bodies.

The work in a soil conservation district requires the services of a soil scientist to make physical inventories of the land to secure data (soil types, degree of slope, character and extent of erosion, present land use, etc.) to determine the use capabilities and conservation needs of each acre of land. Soil conservationists, engineers, and other agricultural specialists and aides are also assigned as needed to help the farmers and ranchers to develop and apply individual conservation farm or ranch plans which will provide for the best possible use of their land, labor, and equipment within their ability to finance the work.

Watershed protection and flood prevention programs -- In 1953 the Congress appropriated funds to begin a program of "pilot" demonstration projects to serve as a basis for evaluating the effects of complete conservation treatment of small watersheds on the run-off of floodwaters and the reduction in floodwater and sediment damage. There were 62 of these small "pilot" watersheds originally designated throughout the country.

In 1954 the Congress enacted Public Law 566, approved August 3, 1954, which authorized the Department to cooperate with local watershed organizations in the development of work plans, to furnish technical assistance in the application of conservation practices on farms and ranches, and to provide financial aid and technical guidance in installing works of improvement and land treatment measures in watersheds recommended by the Governors of the respective States or their authorized representatives.

Public Law 1018, amending Public Law 566, was passed by the Congress and signed by the President August 7, 1956. This amendment broadens the purpose of the program, facilitates approvals, required the Federal Government to bear the

entire flood prevention costs of the structural works of improvement, authorizes and directs the employment of private engineers for non-agricultural construction, authorizes 50 year loans and advances to sponsors, and extends the act to Hawaii, Alaska, Puerto Rico and the Virgin Islands.

The first 13 watershed plans were approved for operation by June 30, 1956. Applications for watershed planning assistance are recommended by representatives of the States and received by the Administrator of the Service. Service work plan parties are assisting the local sponsors in preparation of watershed work plans. Technical assistance in the application of conservation practices, preparation of detailed construction plans and supervision over the local contractors installing structural measures is being furnished in each approved watershed.

The Department of Agriculture is cooperating with other Federal, State and local agencies, under authority of Section 6 of Public Law 566, in making surveys and investigations of major rivers and waterways as a basis for coordinated programs. A review of the agricultural phases of the Lower Mississippi and Tributaries Project of the Corps of Engineers is nearing completion. Plans to appraise the direct agricultural benefits of the Colorado River Storage Project are underway with the Department of the Interior. Cooperative work is also being conducted with the State of Kansas on the Kansas River, the State of Mississippi on the delta area of the Mississippi River, and negotiations have been completed to begin a review of the Potomac River basin in cooperation with the Corps of Engineers. Current work includes participation with the Corps of Engineers in a Delaware River Basin Water Resources Survey and in the Cape Fear watershed in North Carolina. The Soil Conservation Service cooperates with the Forest Service and Agricultural Research Service in this work and maintains representation on various River Basin Inter-Agency Committees in the field.

The Service is also cooperating with local organizations in the development of work plans and the installation of works of improvement and land treatment measures in the 11 watersheds authorized by the Flood Control Act of 1944. The installation of measures under this program has steadily increased since work was started in 1946 fiscal year. These watersheds are considerably larger than those contemplated under the watershed protection program mentioned above. At present level of operations the completion dates for the program of work in some of these watersheds extend for another 30 or 40 years.

Water conservation and utilization projects -- The Service was assigned the responsibility July 1, 1945 for the development of lands for irrigation on 13 water conservation and utilization projects. Only the Eden Valley, Wyoming, project, which is planned for completion in 1962, is still active. The other 12 have been completed. These projects ranged in size from about 1,000 irrigable acres in the smallest to about 20,000 acres in the largest. Irrigated and irrigable land (both Government and privately owned) is developed by the installation of irrigation systems and land levelling for efficient use of irrigation water. Settlement opportunities are provided for veterans and needy farm families through the sale of developed farm units. Technical assistance is furnished under this authority to settlers within the Eden Valley project.

Great Plains Conservation Program -- The Service has been assigned responsibility for the Great Plains Conservation Program authorized by Public Law 1021,

84th Congress, which provides for technical and cost-sharing assistance to help farmers and ranchers in the Great Plains make land-use adjustments and plan and install soil and water conservation measures needed to achieve a more stable agriculture in the Great Plains area. The Act authorizes the Secretary of Agriculture to enter into contracts with farmers and ranchers in designated areas of the 10 Great Plains States to assist them to this end. These contracts may be for periods of up to 10 years ending not later than December 31, 1971. The Federal Government under these contracts will share the cost of those land-use changes and conservation practices for which cost-sharing is in the public interest. The Act limits the total amount of cost-share assistance to \$150,000,000.

Soil Bank Conservation Reserve -- The Soil Conservation Service cooperates with the Commodity Stabilization Service in furnishing producers soil suitability information wherever needed and practical in conjunction with the selection and establishment of conservation practices. It is also responsible for the technical phases of such practices as water storage facilities including (1) where essential, a finding that the practice is needed and practicable on the farm, (2) necessary site selection, other preliminary work, and layout work of the practice, (3) necessary supervision of the installation, and (4) certification of performance.

AGRICULTURAL MARKETING SERVICE

The domestic phases of the marketing and distribution functions as well as co-ordination of all statistical work of the Department are centered in the Agricultural Marketing Service. It is organized to aid in advancing the orderly and efficient marketing and effective distribution of products from the Nation's farms to the consumers.

The work of the agency falls into several broad areas of activities as described below.

Marketing Research

Marketing research provides for the study and investigation of (a) the uses and market acceptance of new and established agricultural products, techniques for analyzing consumer market behavior, market potentials, and methods of merchandising; (b) trade in specific agricultural commodities, including measurements of costs and margins, market organization and practices, and improvement in market information; (c) the biological, physical and economic aspects of measuring, maintaining, and improving product quality; and (d) transportation rates and costs, and marketing facilities, equipment and handling methods. The research, involving cooperation with other public and private agencies, is designed to benefit all of the major agricultural commodity groups and as many of the other commodities as possible, and to provide research at each stage of marketing, such as in assembly points, terminal or central markets, wholesale and retail markets.

The major objective of this work is to provide market operators, farmers, consumers, Government officials, and other private and public agencies with reliable research information aimed at expanded outlets for farm and food products, reduced costs, and improvements in the efficiency of marketing processes, marketing methods, transportation, storage, marketing facilities and equipment.

Economic and Statistical Analysis

One of the important research activities of the Service involves the collection, analysis, and interpretation of data concerning factors affecting agricultural prices, farm incomes, and supply and consumption of farm products, trends in farm population, and changes in the level of living of farm people.

The results of these studies are made available to farmers through research bulletins, and through "Situation and Outlook Reports." The Situation and Outlook material is widely disseminated by the Extension Service and also by farm organizations. Farmers rely upon the Situation and Outlook material in planning the most profitable adjustments in their farming operations and in their marketing programs.

Crop and Livestock Estimates

Another broad area of activity is the crop and livestock estimating work of the Department which has been in existence for some ninety-odd years. The crop and livestock estimating service provides timely basic information

relating to agriculture, including acreage, yield, and production of crops, the stocks and value of farm commodities, the number, production, and value of livestock items, and prices paid and received by farmers that go into the computation of parity prices.

Thousands of farmers, processors, merchants, and others serve as volunteer reporters and these reports are supplemented by field observations of the Department's statisticians and other data to provide the many published estimates and reports which are basic to planning of agricultural production, and necessary for orderly marketing. The activity is conducted through 42 State offices, most of which are operated as joint State-Federal crop reporting services with the active participation and support of cooperating State agencies.

Market News

Another broad area of activity which reaches into every section of the country and affects the producer of every kind of agricultural commodity is the related group of services usually known as the "marketing services" program. Included in this area are the country-wide market news reporting services which provide objective current information on supply, movement and price at specific markets for practically all agricultural commodities, in addition to a number of special reports dealing with marketing problems of interest to major groups of producers. This is accomplished through the collection of market information at year-round and seasonal offices maintained in more than 100 cities and towns and the dissemination of this information by mail, press, radio, television, telephone, telegraph, bulletin board, and trade and farm publications. More than 1,200 daily newspapers having an average circulation of 37 million--approximately 70 percent of the 53 million circulation of all daily newspapers--carry news based on Federal market reports. A total of about 1,460 radio stations broadcast news regularly, and approximately 150 television stations carry market news reports.

Inspection, Grading, Classing and Standardization

The work on inspection, grading, classing and standardization of agricultural commodities--another marketing service--makes possible the establishment of uniform standards of quality for agricultural products thereby promoting confidence between buyers and sellers, reducing hazards in marketing due to disputes and misunderstandings which arise when non-standard descriptions are used, encouraging better preparation of products for market, and furnishing consumers with more definite information as to quality of products they buy. These standards are applied directly by or under the supervision of AMS employees at the request of any interested party for the inspection and grading of fruits, vegetables, dairy and poultry products, grain and related products, and other commodities, and for the grading of meat and meat products. Fees or charges are assessed for the service in accordance with applicable policies and regulations. For some commodities the application of Federal grades and standards is mandatory. Beginning in May 1958, inspection of poultry for wholesomeness was provided to eligible plants at Federal expense pursuant to the Poultry Products Inspection Act of August 28, 1957. On January 1, 1959 such inspection became mandatory on all poultry moving in interstate commerce.

Under the Smith-Doxey Act of 1937, farmers organized to promote improvement of cotton quality are eligible for free classing service. Under the Tobacco Inspection Act of 1935 tobacco producers selling tobacco at designated auction markets are eligible for free inspection and grading service.

Regulatory Activities

The marketing services program also includes the administration and enforcement of several regulatory acts to assure fair play in the market place and to protect producers and handlers of agricultural commodities from financial loss due to deceptive, careless or fraudulent marketing practices. Included among these acts are the Packers and Stockyards, Perishable Agricultural Commodities, Produce Agency, Standard Container, U. S. Warehouse, Naval Stores, and Federal Seed Acts. These acts regulate various marketing activities, and the administration of each includes two or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, and (4) handling of violations.

Freight Rate Services

Under this activity, the AMS maintains a central point in the Government where assistance can be provided to farmers and others in obtaining and maintaining equitable and reasonable transportation rates and services by participation on their behalf in cases before the Interstate Commerce Commission and other regulatory bodies and through informal negotiations with carriers and groups of carriers. Rate adjustments effected in any one year range from reductions in rates on particular commodities between specific points to adjustments that cover the entire country on all commodities.

Payments to States, Territories, and Possessions

Through this program, the Federal government and the State Departments of Agriculture engage in a cooperative effort to obtain the practical application of marketing research results and the use of better methods in agricultural marketing.

Payments are made on a matched fund basis to State and territorial marketing agencies for projects designed to get improved marketing methods into practical use in the distribution of farm products. This program covers such projects as methods of maintaining and improving the quality of products; ways of reducing marketing costs; and use of special local market information to move abundant supplies to the most profitable market. Forty-three States and territories are participating in this work in fiscal year 1959.

School Lunch Program

Federal assistance, in the form of both funds and food, is provided to States and territories for use in serving nutritious midday meals to children attending schools of high school grades or under in order to improve the health and well-being of the Nation's children and broaden the market for agricultural food commodities. The School Lunch Program, during the peak month of fiscal year 1958, furnished noon-day meals to about 30% of the Nation's 39.1 million school children. This program also utilized 3.5 billion pounds of food, of which 3.2 billion pounds were purchased in local markets and .3 billion pounds

were distributed by the Department under Section 6 of the National School Lunch Act, Section 32 of the Act of 1935, as amended, and Section 416 of the Agricultural Act of 1949, as amended. Surplus commodities donated amounted to 251.7 million pounds at an estimated cost of \$76.0 million.

Special Milk Program

The Act of July 1, 1958 (P.L. 85-478) extended the Special Milk Program through fiscal year 1961 and provided an annual authorization of \$75,000,000 to be used to increase consumption of fluid milk by children in non-profit schools of high school grade and under, and in non-profit nursery schools, child-care centers, settlement houses, summer camps, and similar non-profit institutions devoted to the care and training of children.

More than 76,000 schools and child-care institutions took part in the program in 1958, a gain of 7% over 1957. A total of 1.9 billion half-pints of milk consumed in 1958 was 200 million more than the consumption in 1957.

Removal of Surplus Agricultural Commodities

Under Section 32 of the Act of August 24, 1935, as amended, an amount equal to 30 percent of customs receipts during each calendar year and unused balances up to \$300 million are available for expanding market outlets for farm commodities by removing from the market surplus agricultural commodities through:

Purchase for distribution through State distributing agencies to school lunch programs, and to welfare agencies and institutions eligible to receive such purchases.

Encouragement of exports through payments which will permit the sale of surplus commodities in foreign markets.

Encouragement of domestic consumption by diversion from normal channels of trade to by-products and new uses.

The basic authority also provides that these funds shall be devoted principally to perishable nonbasic agricultural commodities and their products, other than those receiving price support under Title II of the Agricultural Act of 1949, as amended. It has been determined that this provision can be legally satisfied by setting aside or reserving the principal portion of Section 32 funds for the use of perishable nonbasic agricultural commodities when the occasion arises warranting their use for such purpose. The remainder of the funds may then be used for other authorized purposes. Not to exceed 25% of funds available under the Act may be used for any one commodity or product thereof.

Public Law 540 (84th Congress) provides authority whereby an additional sum of \$500,000,000 may be appropriated annually to further carry out the purposes of Section 32, of which not to exceed 50% of such funds may be used for any one commodity.

Section 32 funds are also used for operating expenses consisting of:

- (a) Surplus removal operating expenses which include administrative costs for direct removal of surpluses from the market, and distribution by the Agricultural Marketing Service of Section 32 and CCC commodities

to eligible outlets. These funds are also used to encourage food preservation and marketing of abundant foods through food trades.

- (b) The administration of marketing agreements and orders which aim to establish and maintain orderly marketing conditions for certain commodities and their products.
- (c) Development of markets in foreign countries for U. S. surplus or potentially surplus agricultural commodities. This work is conducted by the Foreign Agricultural Service.

Distribution of Surplus Agricultural Foods

The Agricultural Marketing Service has responsibility for the distribution of surplus agricultural foods donated under the authority of Section 32 of the Act of August 24, 1935, as amended, and Section 416 of the Agricultural Act of 1949, as amended. Distribution of these foods is made to schools, charitable institutions and needy persons in such a manner as not to diminish normal expenditures for foods.

A total of 2,844.5 million pounds of foods were distributed to users at home and abroad during the 1958 fiscal year, compared with a total distribution of 2,789.8 million pounds in the 1957 fiscal year. The foods distributed in this country went to over 13 million school children and nearly 1.4 million needy persons in charitable institutions. In addition, over 4.6 million needy persons in family units received commodities. As of November 1958, 5.6 million needy persons were certified by State Agencies to receive commodities but the number actually receiving commodities at any one time is always somewhat below the number certified.

Requests for food for distribution abroad are met after all domestic demands have been satisfied. By the end of the fiscal year, 21 U. S. welfare agencies were participating in this program, with commodities going to 85 countries. Commodities donated abroad included cheese, corn, cornmeal, dry milk, rice, wheat and wheat flour.

The following table shows the quantity and cost of surplus foods donated for domestic and foreign use in the 1958 fiscal year.

	<u>Quantity</u> (million pounds)	<u>Cost</u> (Million)
Schools	251.7	\$76.0
Institutions	148.3	33.6
Needy Persons	471.5	75.9
Foreign Distribution	<u>1,973.0</u>	<u>272.5</u>
Total	2,844.5	458.0

COMMODITY EXCHANGE AUTHORITY

The Commodity Exchange Authority administers the Commodity Exchange Act of September 21, 1922, as amended, the objectives of which are to: prevent commodity price manipulation and corners; prevent dissemination of false and misleading crop and market information affecting commodity prices; protect hedgers and other users of the commodity futures markets against cheating, fraud, and manipulative practices; insure the benefits of membership privileges on contract markets to cooperative associations of producers; insure trust-fund treatment of margin moneys and equities of hedgers and other traders and prevent the misuse of such funds by brokers; and provide information to the public regarding trading operations and contract markets.

The basic act was designated as the Grain Futures Act and conferred limited authority with respect to futures trading in grains only. By later amendments its short title designation was changed to "Commodity Exchange Act" and its regulatory provisions strengthened and extended to cotton, mill-feeds, butter, eggs, potatoes, rice, wool-tops, fats and oils, cottonseed, cottonseed meal, peanuts, soybeans, soybean meal, wool, and onions.

Public Law 85-839, approved August 28, 1958, prohibited futures trading in onions, effective September 27, 1958. However, the enforcement of this ban has been temporarily enjoined by a Federal court, and transactions in onion futures and in cash onions continue to be subject to the provisions of the Commodity Exchange Act.

FOREIGN AGRICULTURAL SERVICE

Analysis of Foreign Agriculture and Trade

The Foreign Agricultural Service administers the foreign agricultural programs of the Department and develops plans and policies related to the administration of the foreign affairs and interests of U. S. agriculture. It disseminates to American agriculture the basic information essential to aggressive foreign marketing of U. S. agricultural products and to making necessary adjustments to meet changing situations abroad.

The stabilization and expansion of world trade, particularly in agricultural products, is actively encouraged through the removal of barriers to trade, the solution of monetary problems, the study of foreign competition with American products, the analysis of market situations affecting the sale of agricultural commodities throughout the world, and making facts obtained available to U. S. farmers, processors, exporters and other interested groups. United States agricultural interests are represented and their position presented in development of international agreements.

Agricultural Attaches

Agricultural attaches are employed and stationed in more than 50 countries throughout the world to represent U. S. agriculture at their posts. Their work includes a comprehensive system of reporting to meet the needs of U. S. agriculture, to speak on behalf of American agriculture at their posts, and to take appropriate steps in the development of foreign markets for U. S. agricultural products.

Section 32 Programs

The Foreign Agricultural Service, with funds provided from Section 32, carries out a broad program aimed at developing markets abroad for United States agricultural products in surplus or potential surplus supply.

Importation of articles which render ineffective, or tend to interfere with, programs carried out by the Department is investigated under Section 22 of the Agricultural Adjustment Act of 1933, as amended, and a recommendation for action is submitted to the President. Import controls are also administered, including the issuance of import licenses.

Sale of Agricultural Commodities for Foreign Currencies under Public Law 480

Title I of the Agricultural Trade Development and Assistance Act (Public Law 480) authorizes the President to enter into agreements with friendly nations providing for the sale of surplus agricultural commodities for foreign currencies. In negotiating such agreements the President is required, among other things, to take reasonable precautions to safeguard usual marketings of the United States and to assure that sales for foreign currencies will not unduly disrupt world prices, to take appropriate steps to assure the use of

private trade channels, and to give special consideration to the development and expansion of demand abroad for agricultural commodities. The President is authorized to use, in agreement with the country concerned, foreign currencies accruing from sales for various purposes, including market development.

Public Law 387 approved August 12, 1955 amended Public Law 480 by increasing the limitation on sales for foreign currencies from \$700 million to \$1.5 billion. It also provided that the limitation shall not be apportioned by year or by country. This legislation also authorized the Secretary of Agriculture to determine the nations with whom agreements shall be negotiated and to determine the commodities and quantities which may be included in such negotiations and agreements. The limitation on sales for foreign currencies was increased from \$1.5 billion to \$3 billion by Public Law 962 approved August 3, 1956. On August 13, 1957 the limitation on sales for foreign currencies was further increased from \$3 to \$4 billion by Public Law 128. Public Law 85-931, approved September 6, 1958, provided an additional \$2.25 billion bringing the total to \$6.25 billion.

As of November 30, 1958, a total of 139 agreements, or supplements to agreements, had been signed with 37 foreign governments. The total value of these agreements at CCC cost is approximately \$4,464.8 million. The export market value, including ocean transportation, amounts to about \$3,199.4 million. Approximately 63 percent of the market value of programs authorized provided for the financing of export sales of two of the most burdensome surplus commodities--wheat and cotton.

Programs for the Export of Surplus Agricultural Commodities
by the International Cooperation Administration

Section 402 of the Mutual Security Act of 1954, as amended, provided that a minimum of \$175 million of fiscal year 1958 mutual security funds be used to finance the sale abroad, for foreign currencies, of our surplus agricultural commodities. Procurement authorizations issued during fiscal year 1958 under this provision totaled \$206 million, including \$47 million in grains, \$115 million in cotton, and \$29 million in fats and oils. The law requires that not less than \$175 million of fiscal year 1959 mutual security funds be used for this purpose. The local currency proceeds from such surplus sales become the property of the United States. They are being used, in accordance with agreements with each government, to carry out the objectives of the mutual security program--that is, among others, for military assistance, defense support, or economic development assistance.

Title II of the Agricultural Trade Development and Assistance Act, as amended, provides that up to \$500 million worth of surplus commodities held by the Commodity Credit Corporation (CCC) may be used over a 3-year period to provide assistance to friendly peoples in meeting famine or other urgent or extraordinary relief requirements. Public Law 128, approved August 13, 1957, amended Public Law 480 and increased the amount for Famine Relief and Other Assistance from \$500 million to \$800 million through March 31, 1958. Public Law 85-931, approved September 6, 1958, extended termination date under Title II from March 31, 1958 to December 31, 1959. Through November 30, 1958, shipments authorized totaled about \$484 million. Commodities authorized included \$290 million in grain, \$32 million in fats and oils, \$58 million in milk and milk products, \$14 million in raw cotton, and \$4 million in dry beans.

COMMODITY STABILIZATION SERVICE

Acreage Allotments and Marketing Quotas

The purpose of this program is to carry out acreage allotment and marketing quota programs authorized by Title III of the Agricultural Adjustment Act of 1938 as amended. These programs are designed to keep the production of the basic commodities - tobacco, peanuts, wheat, cotton, and rice in line with demand in order to give each farmer a fair share of the available market and the total production required. The Agricultural Act of 1958 provided that a referendum be held of producers in the 1958 commercial corn-producing area to determine whether they favor a price support program as provided by the Agricultural Act of 1949 in lieu of acreage allotments provided by the Agricultural Adjustment Act of 1938 as amended. In a referendum held November 25, 1958, farmers voted in favor of discontinuing acreage allotments beginning with the 1959 crop. For the 1959 and 1960 crops of upland cotton the farmer is to have two choices--choice A, the allotment determined for the farm under the regular procedure or choice B, the regular allotment plus 40 percent. The choice made by the operator is effective for only one year.

The national acreage allotment (in the case of wheat, allotment for commercial producing area) is set at a level which, based upon normal or average yield, will result in ample production for domestic consumption, exports, and adequate reserves. The total acreage is divided among States or counties on the basis of production history for a specified number of years preceding the year for which the allotment is determined, with adjustments for production trends abnormal weather and production conditions, previous allotments, and other factors.

State or county allotments are apportioned among eligible farms. Acreage allotments, unless implemented by marketing quotas, do not constitute an enforced limitation on production. However, when acreage allotments are in effect for any basic commodity, compliance therewith is a condition of eligibility for price support.

Marketing quotas must be proclaimed for tobacco when the total supply exceeds the reserve supply level or if quotas were proclaimed for the kind of tobacco in the immediately preceding year; for peanuts each calendar year regardless of the supply situation; for upland cotton when the total supply exceeds the normal supply; for extra long staple cotton when the total supply exceeds the normal supply by more than 8 percent; and for wheat and rice when the total supply exceeds the normal supply by 20 percent and 10 percent respectively.

Quotas do not become effective unless at least two-thirds of eligible farmers voting in a referendum approve quotas. Acreage allotments and/or quotas may be increased or suspended under certain demand and supply conditions, in the interest of consumers, or in national emergencies. For example, under normal conditions, Section 335 (a) of the Agricultural Adjustment Act of 1938, as amended, would have required the proclamation of quotas on the 1953 crop of wheat. However, acreage allotments and marketing quotas were suspended due to the national emergency existing because of the Korean conflict.

Sugar Program

The principal objective of the sugar program as stated in the Sugar Act of 1948, as amended, is "to protect the welfare of consumers of sugars and of those engaged in the domestic sugar-producing industry". The attainment of this objective involves (1) determination of United States consumption requirements; (2) administration of quotas to regulate imports of sugar produced in foreign areas, as well as imports of sugar produced in domestic offshore areas, and marketings of sugar produced in mainland areas; (3) the allotment of quotas to individual processors when necessary to insure orderly marketing; and (4) payments to domestic producers of sugar beets and sugar cane, provided producers comply with certain requirements with respect to child labor, wage rates, fair prices and proportionate shares prescribed by law.

Principal operative functions of the Sugar Act of 1948, as amended, are as follows:

1. The determination of sugar consumption requirements for the continental United States and the establishment of quotas consistent with the provisions of P.L. 545 (approved May 29, 1956) which restored to domestic producers their historic share in the growth of the United States sugar market. Also, the determination of sugar requirements for local consumption in Puerto Rico and Hawaii.
2. Allotments of quotas to individual marketers of sugar. Currently sugar supplies and production prospects in the mainland beet and cane sugar areas are such that marketing allotments are necessary to insure orderly marketing.
3. Administration of quota and allotment control regulations including the development and maintenance of quota and allotment accounting records.
4. Implementation of technical regulations defining raw sugar, direct-consumption sugar, total sugar content, and further refining or improving in quality as required by P.L. 545.
5. Establishment of restrictive proportionate shares (farm acreage allotments) for individual farms. Production plus inventory stocks in the mainland beet and cane sugar areas are at levels which require restrictive farm allotments in order to balance supplies within such areas to quota and normal carry-over requirements.
6. Administration of new proportionate share provisions of P.L. 545 pertaining to (a) producers whose past production has been adversely affected by natural calamities, (b) sugar beets and sugar cane marketed for the production of sugar for livestock feed or the production of livestock feed; and (c) transfer of sugar cane production history of parcels of land in Puerto Rico.
7. For all domestic producing areas, the determination of fair and reasonable wage rates for persons employed in the production, cultivation, or harvesting of sugar beets and sugar cane and the determination of fair and reasonable prices to be paid by growers, who are also processors, for sugar beets or sugar cane purchased from other growers.

8. Determination of effective compliance at field levels. Checking of compliance with respect to the conditions of payment, i.e., child labor, fair price, fair wage and farm acreage allotments.
9. Conduct of periodic field surveys to determine returns, costs, profits, man-hour requirements, etc., of producing and processing sugar cane and sugar beets in all domestic producing areas. These data are essential to the implementation of the fair wage and price provisions of the Sugar Act.
10. Participation by the United States in the International Sugar Agreement operations.

Agricultural Stabilization and Conservation Committees

At the State and local levels, the functions and responsibilities of the Commodity Stabilization Service, as well as those of the Agricultural Conservation Program Service and the Commodity Credit Corporation, are administered by State, county and community Agricultural Stabilization and Conservation Committees, frequently referred to as ASC Committees.

These committees, established in accordance with the provisions of Section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, are described as follows:

(a) State committees consist of not less than three nor more than five farmer members appointed by the Secretary of Agriculture plus the State Director of Extension. The farmer members serve 18 months or one year terms and at least one farmer member is replaced at the beginning of each regular appointment term. The committee determines programs and administrative policy. Its policies are carried out by its employees under the direction of an Administrative Officer.

Functionally the State Committee reviews basic farm data; reviews and approves allotment and marketing quota work of County Committees; certifies results of referenda; spot-checks acreage measurements; instructs county and community committees, warehousemen, buyers, dealers, and others concerning various provisions of the acreage allotment and price support programs; supervises administration of acreage allotment and marketing quota programs; schedules penalty collections to appropriate accounts; audits and certifies claims for refunds; prepares reports on violations; and recommends marketing review committees for appointment by the Secretary of Agriculture.

With respect to price support activities the State Committee approves acceptable types of storage structures; recommends the kinds of support which should be used; determines grade and grade factors for commodities on which loans are to be made; supervises acquisition and sale of CCC bins and equipment; establishes policy for reinspection of loan commodities; and supervises storage and shipment of commodities acquired by the Government.

The State committee is responsible for the administration of the Acreage Reserve and Conservation Reserve programs within the States. Based on regulations and instructions issued by the Commodity Stabilization Service, the State office formulates the program provisions for the State with assistance from

other agencies for a limited number of conservation practices for the Conservation Reserve Program. It exercises supervision of county committees to assure a unified approach to the accomplishment of program objectives for such matters as establishing soil bank bases and permitted acreages, determining the amount of payments due, giving general supervision to performance measurements, and determining compliance with both the soil bank acreages and the permitted acreage. It processes violations and appeals, and spot checks the measurements and acreage determination of farm reporters in every county to assure proficiency and accuracy.

(b) County and community committees consist of farmer members elected annually by farmers in the county who are cooperating or participating in programs administered locally by the committees. Community committees assist the county committees in carrying out assigned programs.

Following are the functions of local committees:

(a) Community committees recommend farm acreage allotments, assist in conducting referenda, and if farmers vote quotas into effect, determine performance, and otherwise assist in administering programs. The Community Committeemen also assist in the administration of loan and other price support programs. They also assist the county committee in the administration of the acreage and conservation reserve programs at community levels in connection with the establishment of yields and practices and other aspects of these programs where first-hand knowledge of farming practices in the community is required. In addition, they inform farmers of the purposes, provisions and progress of programs and cooperate with other local agricultural leaders in integrating all farm programs.

(b) County committees secure basic agricultural data, determine acreage allotments and conduct referenda. If farmers vote quotas into effect, measure planted acreages; issue marketing cards, obtain and audit records of production and sales; determine and report violations; and determine, collect, and make appropriate disposition of penalties.

With respect to loans and purchases under the price support program, the county committeemen determine eligibility of producers; determine eligibility of farm storage facilities; supervise the erection, maintenance and sale of CCC storage bins; inspect and sample loan commodities to determine quantity, grade, and loan value; provide for liquidation of loans; arrange for grading, storing, and shipping commodities acquired by the government; and assist producers and handlers in working out methods of marketing.

In connection with acreage and conservation reserve programs they control allocations for program participation, sign agreements, issue certificates and CCC sight drafts, determine normal yields and compensation, establish community check yields, appraise yields, recommend local practices, determine compliance with program requirements by determining acreage and other means, maintain necessary records including those required to protect a farm's acreage allotment as a result of Soil Bank participation, approve methods of control of noxious weeds, furnish producers with conservation materials and services, approve protective cover crops and handle any other program work involving direct contact with farmers.

SOIL BANK PROGRAMS

The soil Bank Act (7 U.S.C. 1801-1837) authorized an acreage reserve program and a conservation reserve program to assist farmers to divert cropland from production of excessive supplies of agricultural commodities, and to carry out a program of soil, water, forest, and wildlife conservation. The activities are supplementary to the acreage allotments and marketing quota programs authorized and appropriated for under the Agricultural Adjustment Act of 1938, as amended, and together with such programs constitute an overall program to prevent excessive supplies of agricultural commodities from burdening and obstructing interstate and foreign commerce.

From the appropriations provided for the conservation reserve and acreage reserve programs, funds are advanced to the Commodity Credit Corporation to cover payments to producers under the programs.

Conservation Reserve Program

The purpose of the Conservation Reserve Program is to assist producers to withdraw cropland from the production of crops through shifting of acreage from the production of surplus-burdening commodities to conservation uses, by sharing the cost of establishment of conservation practices and making annual payments for keeping such acreage in the conservation reserve.

A producer who participates in the program must sign a contract in which he agrees to remove land from the production of crops and devote it exclusively to conservation uses. The producer may be paid a part of what it costs to establish protective cover or certain other conservation practices. The producer also receives annual payments for the term of the contract, to compensate him for keeping the land out of production.

Contracts may be entered into during the five calendar years, 1956 through 1960. The minimum contract is for three years and applies only to land on which adequate protective cover exists and no cost-sharing practices are required. The maximum contract period is 10 years.

A producer participating in the program agrees, among other things, (a) to establish and/or maintain protective cover, water storage or some other approved conservation practice on designated acreage, (b) not to harvest any crops from the acreage, except timber in keeping with good forestry management, (c) not to pasture the acreage during the contract period, except as approved by the Secretary, and (d) to limit the crop acreage on the farm to what is known as the "soil bank base." Crops making up the soil bank base are in general, all crops produced for harvest on a farm, except hay crops, including in addition to the six basic crops, grain, annual grasses cut for seed, oilseeds, cowpeas, potatoes, commercial vegetables, field and canning peas and beans.

Producers must be in compliance generally with all acreage allotments and the soil bank base. Tenants and sharecroppers have a full right to share the benefits. A farm's historical acreage for allotment purposes is protected.

Cost-sharing payments to assist in the establishment of soil and water conservation practices are determined by the State and county ASC committees. They can range from 50 to 80 percent of the cost of performing practices. Cost-sharing payments are made only in case the contract covers a period of five years or more.

Annual payments are made each year for the term of the contract. Where the reserve acreage provides no reduction in soil bank base crops, a non-diversion rate lower than the regular annual rate is paid.

A program authorization determines the maximum payments that can be made in a calendar year. In the event offers to participate require payments in excess of the program authorization, a priority for accepting applications is established with the objective of making the largest reduction in crop production.

The Soil Conservation Service provides technical services in the installation of contracted practices such as dams, pits, ponds and marshes. It also furnishes soil suitability information to producers, wherever needed and practical in conjunction with the selection and establishment of conservation practices.

The Forest Service, working through State Foresters provides technical services in connection with tree planting practices and in tree seedling production.

Acreage Reserve Program

The purpose of the program is to assist producers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities by compensating them for reducing their acreage below their basic crop allotments. The program applies to wheat, cotton, corn, rice, peanuts and tobacco.

A producer who wishes to participate in the program must enter into an agreement with the Secretary in which he agrees, among other things (a) to reduce the acreage of a commodity below the farm acreage allotment, (b) to specifically designate and place in reserve the acreage withdrawn from production, (c) to restrict the total harvested acreage to the soil bank base, less the acreage placed in the Soil Bank Programs. The soil bank base establishes a total acreage figure for specified crops for each farm. Crops making up the soil bank base are in general, all crops produced for harvest on a farm, except hay, including in addition to the six basis commodities, grains, annual grasses cut for seed, oilseeds, cowpeas, potatoes, commercial vegetables, peas and beans.

Producers are compensated through the issuance of negotiable certificates by the Commodity Credit Corporation. Such certificates are redeemed in cash, or at the option of the producer with respect to certificates issued for grains, in grains. Payment to any one producer with respect to a farm is limited to \$3,000.

The individual rate of payment per acre is determined primarily on the basis of average per-acre rates for the county. For each reserve crop, except tobacco, there is a "national" average rate per acre. The State and county rates are established, based on the national rate, taking into consideration the productivity of the land and other factors. For tobacco, individual rates are established by multiplying the unit rate per pound by the yield for the farm.

After the deadline for signing agreements covering a particular commodity, participating farms are not permitted to withdraw from the program except in some cases involving new commercial corn counties.

The Soil Bank Act provides that the program will be effective for four crop years, 1956 through 1959, and that the total compensation under any year's program should not exceed \$750 million. The Acreage Reserve Program was terminated at the end of the 1958 crop year in favor of an expanded Conservation Reserve Program after a careful review of accomplishments under both programs in relation to the objectives indicated in the Soil Bank Act and the related legislative history. The conservation reserve approach will result in more concrete and more permanent benefits per dollar spent in both crop reduction and enduring conservation.

COMMODITY CREDIT CORPORATION

The Commodity Credit Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, their products, food, feeds and fibers, for the purpose of stabilizing, supporting, and protecting farm income and prices; assisting in the maintenance of balanced and adequate supplies of such commodities; and facilitating their orderly distribution. The Corporation also makes available materials and facilities required in connection with the production and marketing of such commodities.

The Corporation is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is, ex officio, a director and chairman of the board. The board consists of the Secretary of Agriculture and six other members appointed by the President and confirmed by the Senate. In addition, the Corporation has a bipartisan advisory board of five members appointed by the President to survey the general policies of the Corporation and advise the Secretary with respect thereto.

In all its operations the Corporation utilizes normal trade facilities to the maximum extent practicable. In its lending activities the Corporation uses local banks, cooperatives, and other financial institutions. Commercial storage facilities are used to a great extent in the storage of loan collateral and in the storage of stocks acquired by the Corporation.

The Corporation has an authorized capital stock of \$100,000,000, held by the United States, and authority to borrow up to \$14,500,000,000.

Price Support

(CCC nonrecourse loan, purchase and payment program)

Price support operations are carried out under the Corporation's charter powers (15 USC 714), in conformity with the Agricultural Act of 1949 (63 Stat. 1051), the Agricultural Act of 1954 (68 Stat. 897), which includes the National Wool Act of 1954, the Agricultural Act of 1956 (70 Stat. 188) and with respect to certain types of tobacco, in conformity with the Act of July 28, 1945 (59 Stat. 506). Under the Agricultural Act of 1949, price support is mandatory for six basic commodities -- corn, cotton, wheat, rice, peanuts, and tobacco -- and specific nonbasic commodities, namely tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Price support for wool and mohair is mandatory under the National Wool Act of 1954. Under the Agricultural Act of 1958, as producers of corn voted in favor of the new price-support program for corn authorized by that Act, price support is mandatory for barley, oats, rye, and grain sorghums. Price support is discretionary for other nonbasic agricultural commodities under the provisions of Section 301 of the Agricultural Act of 1949, as amended, except that whenever the price of either cottonseed or soybeans is supported, the price of the other must be supported at such level as the Secretary determines will

cause them to compete on equal terms on the market. This program may also include operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price support levels.

Price support is made available through loans, purchase agreements, purchases, and other operations, and, in the case of wool and mohair, through incentive payments based on marketings. The producer's commodities serve as collateral for price support loans. With limited exceptions, price support loans are nonrecourse and the Corporation looks only to the pledged or mortgaged collateral for satisfaction of the loan. Purchase agreements generally are available during the same period that loans are available. By signing a purchase agreement, a producer receives an option to sell to the Corporation any quantity of the commodity which he may elect within the maximum specified in the agreement.

As a means of increasing the utilization of dairy products, section 202 of the Agricultural Act of 1949, as amended, authorized a special program to operate through December 31, 1961. A 3 year extension of authority for this program is also provided in pending legislation. Under this program the Corporation is donating butter, cheese, and dried milk to Veterans Administration and the armed services upon certification by them that the usual quantities of dairy products have been purchased in the normal channels of trade. In addition the Corporation is reimbursing these agencies at the rate of \$4.10 per cwt. for purchases of fluid milk made in addition to their usual purchases.

Disposition of commodities acquired by the Corporation in its price-support operations is made in compliance with sections 202, 407, and 416 of the Agricultural Act of 1949, and other applicable legislation, particularly the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691), title I of the Agricultural Act of 1954 (7 U.S.C. 1741), title II of the Agricultural Act of 1956, the Agricultural Act of 1958, and the Act of August 19, 1958, in the case of cornmeal and wheat flour. Reimbursement for strategic and critical materials acquired in the Corporation's barter activities which are transferred under title II of the 1956 Act to the supplemental stockpile is obtained by appropriations authorized by that Act. This is described under the heading "Special Activities". To the extent that price-support commodities are disposed of through the commodity export program and special activities, such as sales for foreign currencies, the furnishing of such commodities for various purposes, and similar operations, such disposals for accounting purposes are treated as price-support program disposals.

Section 407 of the Agricultural Act of 1949 authorized the Corporation to make available farm products for use in distress areas and in connection with any major disaster determined by the President to warrant assistance under Public Law 875. Under this authority the Corporation has donated stocks of corn, oats, barley and grain sorghums in a manner which enabled stockmen and farmers in drought stricken areas to buy livestock feed at reduced prices.

Commodity Export Program

The Corporation stimulates the export of agricultural commodities and products through sales, barter, payments and other operations. This program is carried out under the authority contained in the Corporation's charter, particularly sections 5(d) and 5(f), and in accordance with specific statutes where applicable, such as sections 407 and 416 of the Agricultural Act of 1949, the International Wheat Agreement Act of 1949, the Agricultural Trade Development and Assistance Act of 1954, title I of the Agricultural Act of 1954, and title II of the Agricultural Act of 1956.

In general, transactions involving foreign currencies are conducted pursuant to the Agricultural Trade Development and Assistance Act of 1954. However, other such transactions may be conducted under the charter authority.

The International Wheat Agreement Act authorizes the President, acting through the Corporation, to make available such quantities of wheat and wheat flour to importing countries, and at such prices, as may be necessary to exercise the rights, obtain the benefits, and fulfill the obligations of the United States under the International Wheat Agreement. The Corporation is authorized to pay current obligations and to be repaid therefor from appropriations made specifically to cover the costs of the International Wheat Agreement. Payments on wheat are made in the form of wheat from the Corporation's stocks. This agreement expires July 31, 1959.

In addition to the International Wheat Agreement, under authority contained in sections 5(d) and 5(f) of the Corporation's charter, CCC wheat is being offered to the export trade under barter programs at competitive world prices and is also made available to exporters in the payment of the price differential between the world and domestic price to assure that wheat sales for export will be drawn primarily from free market supplies rather than from stocks of the Commodity Credit Corporation. Cash payments are made on exports of wheat flour either under the IWA or outside the agreement.

In order to encourage movement of cotton, corn, barley, grain sorghums, oats, rye and rice from free market supplies into export channels, export payments are made in the form of these commodities from the Corporation's stocks.

Cotton held in the Corporation's inventory is also sold for export on a competitive world price basis. The Corporation also conducts a cotton products export program designed to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices. Equalization payments, based on the raw cotton content in the products exported, are made to exporters on cotton products of upland cotton grown and wholly processed in the United States.

The Corporation also furnishes agricultural commodities and products for distribution or exhibition at international trade fairs to aid in the development of foreign markets for such commodities.

Storage Facilities Program

This program is carried out under the authority contained in the Corporation's charter, particularly sections 4(h), 4(m), and 5(a) and (b). The Corporation (a) purchases and maintains (in storage deficient areas) granaries and equipment for care and storage of grain owned or controlled by the Corporation; (b) makes loans for the construction or expansion of farm storage facilities; (c) provides storage-use guaranties to encourage the construction of commercial storage facilities; and (d) undertakes other operations necessary to provide storage adequate to carry out the Corporation's programs.

CCC-owned bin sites, which are used when adequate commercial storage is not available, have a capacity of 987 million bushels (as of Nov. 30, 1953) and thereby remove this quantity of grain from competition for farm and commercial storage in the Corn Belt.

Farm storage facility loans are available to farmers through the local county ASC committees. These loans, which may run up to 30 percent of the cost of the new storage facilities in most States, can be paid off over a four-year period.

Storage equipment loans made direct by CCC are also available to farmers for financing the purchase of drying equipment for the conditioning of farm-stored crops. Such loans, up to 75 percent of the equipment cost, are payable in three annual installments.

The above types of assistance in helping to expand grain storage facilities are in addition to such special aids as guaranteed occupancy of new warehouse storage, emergency ship storage capacity and legislative provisions for accelerated depreciation deductions from income tax.

Supply and Foreign Purchase Program

This program is carried out under the authority contained in the Corporation's charter, particularly sections 5(b) and (c) thereof. The Corporation procures foods, agricultural commodities, their products, and related materials to supply the requirements of Government agencies, foreign governments, and relief and rehabilitation agencies and to meet domestic requirements. Foods, agricultural commodities, and their products are procured or aid is given in their procurement to facilitate distribution or to meet anticipated requirements during periods of short supply. The Corporation may also, through purchases, loans, or other means, make available materials and facilities required in connection with the production and marketing of agricultural commodities.

Operations involving procurement for other Government agencies are conducted in accordance with section 4 of the Act of July 16, 1943 (15 U.S.C. 713a-9), which requires that the Corporation be fully reimbursed for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of any other Government agency from the appropriate funds of such agency. Operations not subject to section 4 of such act may involve losses if such are necessary to the accomplishment of the objects of the particular operation.

The main activities now carried on are procurement of commodities for the International Cooperation Administration, and initial financing of certain programs authorized under the Defense Production Act to assure adequate supplies of strategic and critical materials.

Special Milk Program

Public Law 85-478, approved July 1, 1958 (72 Stat. 276), authorized the use of not to exceed \$75 million annually through June 30, 1961, of CCC funds to increase the consumption of fluid milk by children in nonprofit schools of high-school grade and under and in nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children. The act further provides that amounts spent shall not be considered expended for the purpose of carrying out the price support program. This program is administered by the Agricultural Marketing Service.

Special Activities

These are carried out under authority of section 5(g) of the Corporation's charter and specific statutory authorizations or directives with respect thereto which are currently in effect or which may be subsequently enacted.

Current obligations for these activities are paid by the Corporation and except with respect to activities set forth in items (11) and (12) below where, losses, if any, would be recovered through the general restoration of capital impairment, the Corporation receives reimbursement for costs of these activities through specific appropriations.

Activities currently being carried out are as follows:

- (1) International Wheat Agreement (7 U.S.C. 1641-1642)
- (2) Emergency famine relief to friendly peoples (7 U.S.C. 1703, 1721-1724)
- (3) Sales of surplus agricultural commodities for foreign currencies (7 U.S.C. 1701-1709)
- (4) Transfer of CCC grain to Interior for migratory waterfowl feed (7 U.S.C. 442-446)
- (5) Transfers of bartered materials to supplemental stockpile (7 U.S.C. 1856)
- (6) Animal disease eradication activities - funds are transferred to the Agricultural Research Service.
- (7) Grading and classing activities (7 U.S.C. 414a) - funds are transferred to the Agricultural Marketing Service.
- (8) Soil bank program (7 U.S.C. 1803)
- (9) National Wool Act (7 U.S.C. 1701-1737)
- (10) Loans to Secretary of Agriculture for conservation program (7 U.S.C. 1391)
- (11) Military housing (Public Law 161, 84th Cong.) (5 U.S.C. 1712-1)
- (12) Transfer of long-staple cotton from national stockpile for sale by CCC (71 Stat. 290)

Financing of the Corporation

Capital Stock. The Corporation has a capital base of \$100,000,000, which is subscribed by the Secretary of the Treasury (15 U.S.C. 714). Pursuant to the Act of March 8, 1938, as amended (15 U.S.C. 713a-1, 68 Stat. 30), an appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine net worth. If the net worth is less than \$100,000,000, the Secretary of the Treasury restores the amount of capital impairment; if net worth is more than \$100,000,000 the Corporation pays the surplus to the Treasury (15 U.S.C. 713a-2). The appraisal of assets is on the basis of cost to the Corporation - in effect, realized losses.

Borrowing Authority. Under its charter powers, the Corporation may, with the approval of the Secretary of the Treasury, borrow money to conduct its operations. The amount of this borrowing authority is subject to determination by the Congress and on August 1, 1956, was increased to \$14,500,000,000.

Other Financing Operations. These include guarantees to purchase loans held by lending agencies, appropriations for restoration of capital impairment, appropriations to reimburse the Corporation for special activities, and receipts from operations, which consist of proceeds from sales of commodities, loan repayments, interest income, reimbursements other than appropriations for reimbursement of special activities financed by the Corporation and miscellaneous income, refunds and collections.

Investment of Corporation in Price Support Commodities

The investment in price-support loans and inventories totaled \$8,261,186,000 on November 30, 1958, compared with \$7,188,317,000 on November 30, 1957. The total investment at November 30, 1958, consisted of \$2,760,379,000 representing loans outstanding, including loans held by the Corporation and loans held by lending agencies, and \$5,500,807,000 representing price-support inventories at cost value.

FEDERAL CROP INSURANCE CORPORATION

The Federal Crop Insurance Corporation is a wholly-owned Government corporation, within the Department of Agriculture, created to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance and providing the means for research and experience helpful in devising and establishing such insurance on a national basis. Crop insurance offered to agricultural producers by the Corporation provides protection from losses caused by unavoidable natural hazards such as insect and wildlife damage, plant diseases, fire, drought, flood, wind and other weather conditions. It does not indemnify producers from losses resulting from negligence or failure to observe good farming practices.

All risk crop insurance involves a high element of risk. The Federal Crop Insurance Corporation was inaugurated for the purpose of accumulating experience in this field and to fill a definite need in the agricultural economy. Commercial firms had been unwilling to enter the field until 1956, when the Crop Hail Insurance Actuarial Association offered a limited program in a few Midwestern states. The scope of the FCIC program depends primarily upon the farmers' demand for this kind of protection. Thus the program will expand in future years in accordance with such farmer demand and in line with experience in developing a sound program.

FARMERS HOME ADMINISTRATION

The Farmers Home Administration, established November 1, 1946 makes supervised credit available for the following purposes:

1. Direct and insured farm ownership loans to farm tenants, farm laborers, sharecroppers, and other eligible individuals who are unable to secure credit elsewhere on reasonable terms for the purchase, enlargement or development, including building construction, of not larger than family-type farms. Building construction loans in amounts not exceeding \$15,000 on farms, the operation of which require no more than three farm families or three farm dwellings, may be insured. Loans may also be made and insured for refinancing the existing indebtedness of eligible applicants. These loans are amortized over periods not exceeding 40 years. Direct loans at $4\frac{1}{2}$ percent interest are made in amounts up to 100 percent of the fair and reasonable value of the farm. Loans for the same purposes at 4 percent, plus 1 percent for insurance charges and administrative expenses, advanced by private lenders to eligible applicants, are insured in amounts up to 90 percent of the value of the farm as improved.
2. Operating loans to farmers and stockmen who are unable to secure credit elsewhere on reasonable terms for farm operating expenses and other farm needs, including the refinancing of indebtedness and family subsistence of not larger than family-type farms. Loans may be made to full-time farm operators, and also those bona fide farmers who are conducting substantial farming operations on less than family-type units and who supplement their farm income by income from off-farm employment and from other sources. Loans are made at 5 percent interest up to \$10,000, and one to seven years with a limit of \$20,000 on the total indebtedness of any farmer. In certain cases, loans may be made beyond seven years, but not beyond ten years.
3. Direct and insured soil and water conservation loans for the effective development and utilization of water supplies and for the improvement of farm land by soil and water conservation facilities and practices. Direct loans are made to farmers and associations at $4\frac{1}{2}$ percent interest for periods up to 20 years for individuals, and 40 years for associations. Loans advanced by private lenders for the same periods of time are insured at 4 percent interest, plus 1 percent for insurance charges and administrative expenses.
4. Direct farm housing loans to owners of farms who are unable to secure credit elsewhere, upon terms and conditions which they could reasonably be expected to fulfill, for the construction, improvement, alteration, repair or replacement of farm dwellings and other farm buildings on their farms. Loans are made at 4 percent interest for periods up to 33 years in amounts up to the value of the farm.

5. Emergency loans are made to farmers and stockmen in designated areas where a disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, the Farmers Home Administration's regular loan programs or other responsible sources. Production emergency, economic emergency, and special emergency loans are made at 3 percent interest for periods consistent with the ability of the borrower to pay, usually for one year.

6. Special livestock loans are made at 5 percent interest for periods not exceeding three years to established livestock producers who are temporarily unable to secure credit from recognized lenders and who have a reasonable chance of working out their difficulties with supplementary financing. Since July 1957, these loans are authorized to be made up to July 1961 to individuals already indebted for these loans.

7. Watershed protection loans on watershed projects to local organizations for installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights of way and for related costs. Loans are made for periods up to 50 years at an interest rate based on specified outstanding obligations of the Treasury. Total loans outstanding on any one watershed project may not exceed \$5,000,000. Funds for these loans are appropriated under "Watershed protection, Soil Conservation Service."

Technical guidance in planning and carrying out sound farm and home operations is provided borrowers by the Farmers Home Administration on the basis of their individual problems and needs. No loans are made to anyone who can secure adequate credit from other sources at reasonable rates. A local county committee of three (two of whom must be farmers) is required to certify to the eligibility of each applicant. In the case of farm ownership loans, this committee certifies to the value of the farm.

RURAL ELECTRIFICATION ADMINISTRATION

The Rural Electrification Administration was established by Executive Order on May 11, 1935 to make loans for the extension of central station electric service to unserved rural people. The agency was continued by the Rural Electrification Act of May 20, 1936, and became a part of the Department of Agriculture on July 1, 1939 under Reorganization Plan II.

On October 28, 1949 the Rural Electrification Act was amended to authorize loans for the purpose of furnishing and improving rural telephone service.

Loans for construction of electric and telephone facilities are self-liquidating within a period of not to exceed 35 years, and bear interest at the rate of 2 percent. Loans to finance wiring installations and electric and plumbing appliances and equipment are also made at 2 percent interest but for shorter periods.

Electrification Program -- On May 11, 1935, when the Rural Electrification Administration was established only 10.9 percent of the farms of the United States had been electrified; on June 30, 1958 the percentage was about 96 percent. As of this date, the Administration had approved loans amounting to over \$3.7 billion of which over \$3,100,000,000 had been advanced to borrowers. Of this latter amount over \$674,000,000 had been repaid, including \$128,000,000 in advance payments.

As of June 30, 1958 an estimated 1,416,000 miles of line had been constructed and energized, with an estimated 4,506,000 consumers connected.

The principal borrowers are cooperative associations formed solely for the purpose of making electricity available in rural areas. Borrowers are encouraged to plan area coverage programs for the expeditious extension of central station service to remaining unserved farms and to plan overall operations and maintenance of facilities to serve the consumers most effectively and assure maximum security for the Government loans.

Telephone Program -- Loans are made both to private companies and cooperatives. The Rural Electrification Administration follows the policy of continuous cooperation with the telephone industry in the extension of telephone service to rural areas. This Administration works with borrowers in developing sound construction and operating policies and with manufacturers in the development of efficient and economical telephone equipment specifically designed for rural needs. Practically no standards or equipment specifically designed for rural telephone systems were in existence before the Administration initiated work in this field.

As of June 30, 1958, telephone loans made amounted to about \$478,000,000 which is estimated to result in over 277,000 route miles of new or improved line and new or improved telephone service to approximately 1,020,000 subscribers.

ACTIVITIES RELATED TO AGRICULTURE OUTSIDE THE DEPARTMENT OF AGRICULTURE

FARM CREDIT ADMINISTRATION

The Farm Credit System was established to provide a dependable source of both long and short term credit on a sound basis for farmers and stockmen and their cooperative associations. These credit services are supplied in each of the 12 Farm Credit districts by a Federal land bank, a Federal intermediate credit bank, and a bank for cooperatives. In addition, there is the Central Bank for Cooperatives at Washington, D. C., and the Federal Farm Mortgage Corporation, the latter being now inactive.

Aside from such of their capital resources as may be employed in lending operations, the banks of the Farm Credit system finance their loans and discounts through sales to the public of consolidated farm loan bonds (in the case of the Federal land banks) and consolidated collateral trust debentures (in the case of the Federal intermediate credit banks and the banks for cooperatives), and by borrowing for short periods from commercial banks. Under the law the United States assumes no liability for the bonds, debentures, or other such obligations of these banks.

The banks and associations of the Farm Credit System are supervised and examined by the Farm Credit Administration which, under the Farm Credit Act of 1953, is now an independent agency in the Executive Branch of the Government. A description of each type of credit service provided by these institutions follows.

The Federal land bank system is a cooperative system consisting of 12 Federal land banks and about 900 national farm loan associations, established by the Federal Farm Loan Act of 1916. Farmer-members own all the capital stock of these associations and, in turn, the associations own all of the capital stock in the land banks, thereby making the system completely owned by the farmers using it. On June 30, 1958, over 300,000 farmers had invested \$117,000,000 in stock of the system. The land banks make long-term farm mortgage loans to farmers and ranchers through local national farm loan associations, for the purpose of purchasing farm land and buildings, refinancing indebtedness, making farm improvements, and for other agricultural purposes. Loans may be made up to 65 percent of the appraised normal agricultural value of the farm, and are repayable in annual or semiannual installments for periods up to 40 years. Interest rates vary between districts from 4½ to 5½ percent per annum. Land bank loans outstanding on June 30, 1958, numbered 368,000 in the amount of \$1,988,767,000. During the year the banks made 39,742 loans for a total of \$343,000,000, of which \$273,000,000 represented new money. From organization in early 1917 through June 30, 1958, the banks have closed a total of 1,536,433 loans for \$7,003,518,000.

The banks obtain funds for making loans by the sale of Federal farm loan bonds issued as joint and several obligations of the 12 banks and secured by the first mortgages on farms given by farmers as security for their loans.

Under authority provided in the Federal Farm Loan Act, as amended, the Farm Credit Administration has authorized the land banks to perform a number of its duties and powers in supervising the associations, thereby placing more responsibility in the field in the interest of efficiency and economy of

operation. Also, in keeping with cooperative principles, the banks, by mutual agreements with the associations, have decentralized to the associations many of the functions in servicing the banks' loans.

Production credit associations are local cooperative credit associations of farmers and stockmen. They make short and intermediate term loans to their members for agricultural purposes. The associations finance their lending activities by rediscounting farmers' notes with and borrowing from the Federal intermediate credit banks. These associations are chartered under the Farm Credit Act of 1933 and originally were capitalized largely with approximately \$90 million of funds supplied by the Government-owned production credit corporations. Out of the 497 associations now operating, 443 are wholly member-owned and the remaining 54 associations have a total of \$3,890,000 of Government capital invested in them as of June 30, 1958. At June 30, 1958, farmer-members owned \$120 million of capital stock in the production credit associations which had outstanding loans at that date totaling \$1.2 billion.

The Federal intermediate credit banks were established by an Act of Congress in 1923 to serve as banks of discount in financing agricultural and livestock loans made by commercial banks, agricultural credit corporations, livestock loan companies and similar financing institutions. In 1933 their lending authority was extended to include production credit associations and banks for cooperatives.

From organization until January 1, 1957, these banks were wholly owned by the U. S. Government. As of that date, pursuant to provisions of the Farm Credit Act of 1956, the production credit corporations were merged in the banks, and the production credit associations made their initial purchases in class B stock of the banks. Upon completion of the merger, the Government had an investment of \$87.4 million in capital stock. The earned surplus of the banks at that date amounted to \$63.1 million. By June 30, 1958, the production credit associations had acquired \$11.2 million in class B capital stock of the banks and the class A stock held by the Government had been reduced to \$78.8 million. Further reductions in the Government's investment in capital stock of the banks will be made from the proceeds of additional purchases of class B stock by production credit associations, and from earnings. At June 30, 1958, the surplus of the 12 banks amounted to \$64.2 million.

The Farm Credit Act of 1956 also placed upon the banks the responsibility for supervising the production credit associations. This supervision covers all phases of association activities. The banks also supervise the annual credit examinations of the associations which are made by employees of the banks designated for that purpose by the Governor.

The lending operations of these banks are financed principally through sales to investors of consolidated collateral trust debentures and other borrowings. Any liability to the U. S. Government in connection with debentures issued by the banks is expressly denied in the law. At June 30, 1958, the banks' debentures and notes payable outstanding amounted to \$1.2 billion.

During the fiscal year 1958, the 12 banks extended credit amounting to \$2.7 billion. At June 30, 1958, they had \$1.2 billion in loans and discounts outstanding.

Banks for cooperatives, which are partially owned by the Government, make loans to eligible farmer cooperative associations engaged in processing or marketing agricultural products, purchasing farm supplies, or furnishing farm business services. The 13 banks were originally capitalized by the Government, the maximum amount of such capital having been \$178,500,000. On December 31, 1955, this had been reduced to \$150,000,000. On the same date the cooperative associations had invested \$20,618,000 in the capital stock of the banks. Pursuant to the provisions of Title I of the Farm Credit Act of 1955, which became effective January 1, 1956, the Government's investment in capital stock of the banks will be retired over a period of years and thus complete ownership of the banks by the borrowing associations will be attained in a reasonable time. The retirement made by the banks covering the year ending June 30, 1958, was in the amount of \$6,873,500, thus reducing the Government's investment in capital stock to \$134,798,700. On June 30, 1958, the cooperative associations had invested \$30,860,436 in the capital stock of the banks. On the same date the 13 banks for cooperatives had \$408,257,152 of loans outstanding to cooperative associations. A principal source of lending funds is from the sale of consolidated collateral trust debentures to the public.

DEPARTMENT OF COMMERCE

Federal Rural Road Program

Federal aid highway programs are administered by the Bureau of Public Roads in the Department of Commerce.

There are four systems of highways on which Federal funds may be spent--the interstate highway system, primary highways, urban extensions of primary highways, and secondary or farm-to-market roads. The Federal Government has recognized the need for good roads to enable farmers to get their produce to market quickly and economically.

Federal aid funds are made available to States on a matching basis, from appropriations provided under authorizing statutes. For farm-to-market roads, the Federal Highway Act of 1956 authorizes \$262,500,000 for fiscal year 1959. In addition, the Federal Aid Highway Act of 1958 provides a special fund of \$400,000,000, which the States may allocate among their highway systems (including secondary roads) during 1959. The 1958 Act also authorizes \$270,000,000 for farm-to-market roads for fiscal year 1960, and \$277,500,000 for fiscal 1961.

These funds are spent for the improvement and realignment of existing state or local roads within the secondary system, which comprises approximately 528,000 miles of roadway.

Other Activities

The agricultural census is taken by the Bureau of the Census and the Weather Bureau provides weather forecasting in agricultural areas.

VETERANS ADMINISTRATION

As part of its vocational education and training program, the Veterans Administration conducts an institutional on-farm program under provisions of Public Laws 346 and 550.

Loans are also made to veterans to finance the construction or improvement of farm houses, to conduct a farming enterprise, to buy livestock, machinery, tools and other equipment, and for working capital. Some loans are on a direct basis and some on a guaranteed and insured basis.

DEPARTMENT OF INTERIOR

The Bureau of Indian Affairs promotes the economic advancement of the Indians through the utilization of their resources including the use of improved methods in farming, homemaking and the use of credit for agricultural enterprises.

The Department of Interior also conducts a program of research to develop low-cost processes for converting saline water to fresh water in quantities sufficient for agricultural and other uses.

The Bureau of Land Management manages and supervises the use of 180 million acres of Federal grazing lands by 30,000 livestock growers.

The Bureau of Reclamation plans, constructs, and operates facilities to irrigate lands, furnish domestic water supplies, and develop related hydroelectric power and flood control in the 17 Western States and Alaska.

DEPARTMENT OF HEALTH, EDUCATION AND WELFARE

Vocational Education in Agriculture

The Office of Education in the Department of Health, Education, and Welfare has the responsibility for the cooperative Federal-State vocational education program. The program of vocational education of less than college grade in the United States has been developed in conformity with the provisions of Public Law 347, Sixty-fourth Congress, 1917 (the Smith-Hughes Act), and supplementary legislation enacted from time to time. The latest of the basic acts is the George-Barden Act of 1946. These laws were enacted for the purpose of promoting and developing vocational education on a cooperative Federal-State basis. They provide for the support of vocational education of less than college grade for farmers, homemakers, tradesmen, and workers in distributive occupations in a variety of institutions, located in many different places. Some of the participating institutions train full-time workers in evening classes; others part-time workers in day classes, high school students in day schools, and teachers in colleges and universities. An additional program of occupational information and guidance for youth and adults is provided. In fiscal year 1958, a total of \$40,888,412 was appropriated by Congress for these purposes. About half of the public secondary schools of the country conduct at least one program of vocational education. Approximately 10,000 schools offer classes in vocational agriculture; another 1,000 in the distributive occupations; about 11,000 in home economics; and about 3,600 in trades and industry.



LABOR DEPARTMENT

The Bureau of Employment Security provides a farm placement service for migratory workers involving interstate movement. This Bureau also imports Mexican agricultural labor for use in areas having a shortage of domestic agricultural workers. The Bureau of Labor Statistics compiles statistics relating to farm programs, parity prices, consumer costs, etc.

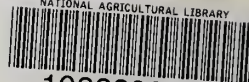
OTHER AGENCIES

The Tennessee Valley Authority conducts studies in agronomic research and agricultural resources development; also research for the development of new and improved fertilizers.

The Interstate Commerce Commission establishes freight rates on farm commodities and supplies.

The Selective Service System determines farm labor deferments.

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